JPRS 81106

22 JUNE 1982

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2285

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CSSR DRIVE FOR INDUSTRIAL EFFICIENCY VIEWED

Moscow EKONOMICHESKAYA GAZETA in Russian No 16, Apr 82 p 20

[Article by R. Kostka, editor in chief of the economic weekly of the Central Committee of the Communist Party of Czechoslovakia, GOSPODARZHSKE NOVINY: "CSSR: On the Path of Intensification"]

[Text] When defining the idea of the Main Directions for the Economic and Social Development of the CSSR during the Seventh Five-Year Plan (1981-1985), the 16th Congress of the Communist Party of Czechoslovakia emphasized the need to achieve the planned rates of growth of the national economy through its extensive intensification, increased labor productivity, reduced expenditure of energy and materials, and fuller utilization of fixed capital. Czechoslovakia has specific features that are related to carrying out these tasks.

On the one hand, it is typical of the CSSR to have a high degree of industrialization with a large proportion of heavy industry, especially machine building, extensive enlistment of the economy in the processes of international division of labor, a relatively high standard of living, and a large group of scientific and technical intelligentsia. On the other hand, the republic is relatively poor in raw materials, especially energy; the demand for many kinds of vitally important raw material and fuel, including petroleum, is satisfied mainly through imports from the USSR on the basis of long-term, truly fraternal cooperation.

Because of the rapid increase of world prices for fuel and raw material commodities and the keener competition on the markets for machine building products, foreign trade conditions deteriorated significantly for Czechoslovakia in the 1970's. Thus during 1971-1980 the prices of Czechoslovakian imports increased by 93.5 percent while the prices of exports increased by only 58.3 percent. The country's previous small foreign trade assets were replaced by liabilities, amounting to 20 billion krona in 1976-1980. The need to cover them made it necessary, in addition to reducing imports, to take loans from foreign banks and exporters, including capitalist ones. And although the indebtedness to the capitalist countries is commensurate with the export capabilities of the CSSR, it is absolutely impermissable to allow it to increase further.

In this situation further development of the Czechoslovakian national economy is essentially subordinate to the need to restore the foreign economic balance through limiting imports and accelerating exports and, consequently, considerably slower growth of the utilized national income as compared to production.

At the 16th Congress of the Communist Party of Czechoslovakia they gave an in-depth analysis of these complex conditions for the development of our economy. The congress established the level of average annual growth rates for the period of the Seventh Five-Year Plan--approximately 3 percent for produced national income and less than 2 percent for utilized national income. We shall rely on measures that are directed toward comprehensively intensifying the national economy and increasing its efficiency through increasing capital investments.

Under these conditions it becomes exceptionally important to maximally utilize the internal reserves of the Czechoslovakian national economy.

The unutilized reserves for economizing on raw materials, energy and processed materials are still great. Thus, according to our calculations, in 1980 the consumption of steel per 1,000 dollars' worth of gross social product in Czechoslovakia was 170 kilograms as compared to 44-45 kilograms in Denmark, Holland, Sweden and Belgium; the consumption of primary energy resources was 1,700 kilograms as compared to approximately 800 kilograms, respectively, and cement--150 kilograms as compared to 50-100 kilograms. Even with all the methodological shortcomings, these figures show that our consumption of the main kinds of raw materials, processed materials and fuel per comparable unit of national income is still approximately twice as high as in the aforementioned group of countries.

In other words, maximum utilization of reserves in this area alone could gradually double the national income. Increased efficiency of the national economy is also impeded by the low coefficient of utilization of fixed production capital, the long time periods and the large volume of incomplete construction, the freezing of significant capital investments, the existence of excessive stocks at the enterprises, and large losses of agricultural products during their harvest and storage. The way to utilize these and other reserves is to raise the technical level and improve the quality of the items.

Under our conditions, whereby machine building creates about 33 percent of the gross output, and almost 44 percent of the net industrial output and more than 50 percent of the exports of the CSSR, the task of more actively introducing the achievements of scientific and technical progress into industry has become vitally important. It has become extremely crucial to create and extensively apply microprocesses and minicomputers and the automated control systems and robots that are related to them. The introduction of the latest achievements of biology, biotechnology and genetic engineering have assumed an especially important role in agriculture.

These tasks cannot be carried out without the corresponding structural changes in a number of branches of the economy and planned implementation of an entire complex of specific measures, or without deepening socialist economic integration. It seems necessary to create large centers for developing, accounting for and introducing scientific and technical innovations, which would rapidly become widespread in the most important spheres of the national economy. Such centers should be created for the strategic areas with a strictly limited group of goals, which can provide a sufficiently high degree of concentration of resources and efforts which is necessary for rapid and efficient implementation of the tasks. The inevitable limitation of the list of items should be accompanied by the further development of specialization and cooperation of production and deepening of division of labor, above all on the basis of socialist integration.

The role of centralized planning increases under these conditions. It can optimally combine the structural changes in the strategic directions that are brought about by scientific and technical progress with the modernization of other branches. It is capable of orienting structural changes in such a way that forces and funds are not dispersed. Effective structural changes make it necessary to conduct strict centralized measures (and also to utilize the corresponding forms of economic stimulation at the enterprises) in order to remove all ineffective units from the national economy.

In order to accelerate this process it is necessary to create a whole number of interconnected preconditions. In particular, it seems necessary to change the existing ratio between capital investments for development and those for reconstruction. At the same time it is necessary to make sure that a sufficient quantity of progressive equipment is provided for the needs of reconstruction in the country.

It is typical of modern scientific and technical progress that, in addition to large discoveries, there is a large stream of inventions and efficiency proposals which increasingly strongly "attack" the entire economy, giving rise, in turn, a flood of individual innovations and processes for production. They also accumulate and spread, gradually raising the qualitative level of the given industry. The previous ordinary production is transformed into a "production of innovations."

To do this, of course, it is not enough to change only the forms and methods of administration. It is necessary to change the very thinking, step by step to form and deepen the economic thinking of the masses, and to create a climate of true innovation throughout the society. Naturally, this complex transformation can be successfully carried out only on the basis of creative application of Marxist economic theory and in close cooperation with all socialist countries, above all the Soviet Union--our major economic partner.

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CSO: 1825/55

TEXT OF LAW ON 1981-1985 ECONOMIC PLAN PUBLISHED

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I No 35, 9 Dec 81 pp 405-416

[Official text of "Law of 3 December 1981 on the 1981-1985 Five-Year Plan for the Development of the GDR Economy," signed by Erich Honecker, chairman, GDR State Council. The following is a complete translation of the law, which was published in abbreviated form under the heading, "Excerpts of 1981-1985 Plan; 1982 Plan, Budget Published," in JPRS 79769, 31 Dec 81, No 2216 of this series, pp 7-29]

[Text] In conformity with the decisions adopted by the 10th SED Congress, the Five-Year Plan for the Development of the Economy of the GDR During 1981-1985 is geared toward the consistent all-round consolidation, by means of a high rate of economic growth, of the GDR as a socialist workers' and farmers' state. Thereby, further advances are to be made in the shaping of the developed socialist society.

The five-year plan serves the well-being of the workers class and all the people. The focal point lies on carrying on throughout the 1980's our main task policy, which deals with economic and social welfare tasks as a unity. It amounts to further elevating the people's material and cultural standard of living based on high speed in the development of socialist production, greater efficiency, scientific-technical progress and growth in labor productivity.

The main content of the five-year plan and its implementation are the 10 key points of the economic strategy adopted by the 10th SED Congress.

The broad discussion of implementing the tasks of the directive by the 10th SED Congress for the five-year plan for the development of the economy of the GDR during 1981-1985 involved millions of working people in the combines, enterprises, facilities and cooperatives actively in preparing the five-year plan, who submitted many proposals on the basic issues of our economic strategy for the 1980's, especially for improving our performance and efficiency. That expresses the GDR population's broad agreement with the SED policy for successfully carrying on our proven main task policy.

There has been a new strong boost in our socialist competition, organized by the trade unions and aimed at the implementation of the 10th SED Congress decisions. The competition initiatives must receive every kind of encouragement from the state managers for meeting the five-year plan goals. They are to be directed toward the implementation of this principle: "High economic growth through increasing labor productivity, efficiency and quality--Everything for the well-being of the people and for peace!"

The successful continuation of our policy, geared at the well-being of the people, requires that in the 1980's we purposefully proceed toward a higher productivity and efficiency level. More and more must performance improvements and efficiency be determined by the most advanced achievements in science and technology. It is imperative to turn the experiences of the best workers in all combines, enterprises, facilities and cooperatives into the criterion for anyone's own performance and to apply consistently the principles of socialist economic management and socialist thrift. On that basis, reserves at new dimensions have to be tapped in all areas of the economy, high and stable production and productivity growth rates beyond the previous degree have to be achieved, and the cost/benefit ratio must be decisively improved in all fields.

In implementation of the GDR-USSR production specialization and cooperation program up to 1990, the all-round economic and scientific-technical cooperation between our two countries is being consolidated and expanded. The accords made for deepening socialist economic integration in the plan coordination with the USSR and the other CEMA countries form a stable basis for implementing our five-year plan for the development of the economy of our republic.

The reality of this strategy relies on our consolidated socialist production relations, on modern socialist management and the high skill of our workers, engineers and researchers. On this basis it is possible to achieve a perceptible performance thrust toward higher productivity, efficiency and quality.

The further strengthening of our economic capacity is of great weight to the GDR's peace policy which, in the sense of peaceful coexistence, serves political and military detente in Europe and the recovery of the political climate in the world.

I

The following main indicators have been laid down for the development of the GDR's national economy 1981-1985:

	$\frac{1985}{1980}$%
Produced national income	128
Manufacturing output, industrial ministries	131
Manufacturing output, national economy	128
Increase in labor productivity, industrial ministries	129
Output of construction industries	118
Output of construction, construction ministry	123
Transport and telecommunications	112
Export to the socialist economic region	150

	in 1985
Crop production output in grain units per hectare of farmland	43.7-44.2 dt
State output	
--Fattened cattle	2,400 kt
--Milk (4-percent fat content)	6,930 kt
Collection and utilization of secondary raw materials	30 million t

	1981-1985 average annual %
Reduction in specific production consumption figures for major energy sources, raw materials and semimanufactures	6.1

	Total 1981-1985
Investments--Economy on the whole	M 256 billion

The people's material and cultural standard of living attained must be ensured and gradually further raised. To that end, the following targets are laid down:

	Total 1981-1985
Dwellings to be provided, newly built and modernized	940,000 units
--of which: newly built	600,000 units

	$\frac{1985}{1980}$, %
Retail trade turnover	120
Net monetary income of the population	120

Allocations of public funds in continuing the policy of stable consumer prices for commodities in daily use, rents, fares and services, and for satisfying the growing health, social and intellectual-cultural needs of the population, are to be increased to M 295 billion in conformity with economic performance development in the 1981-1985 period. That amounts to a growth rate of 126 percent.

Training and education must be developed in such a way that they are relevant to practical life and encourage creative thinking and acting, the initiative and dedication of youth and its class-bound standpoint and conscious political conduct.

Medical and social services for the population, notably health care for the working people, are to be purposefully improved in quality and effectiveness for the good of the citizens.

Social care, notably for mother and child, the veterans of labor and the disabled, must be systematically further extended through close cooperation between state areas and social organizations.

The working people's working and living conditions in the enterprises are to be further improved, mainly through a progressive reduction in heavy physical and hazardous jobs, the perfecting of workers' welfare and the extension of labor-medical consultation and care. Further qualitative improvements are required in recreational opportunities for the working people.

Berlin, capital of the GDR, must be further developed as the political, economic and intellectual-cultural center of the socialist GDR. The central youth project, "FDJ Initiative Berlin," has to be promoted purposefully, and all bezirks have to make an increasing contribution to it.

Extensively and on a priority basis to be ensured are the tasks for economically securing national defense and internal security and order in accordance with the requirements for the 1981-1985 period; state and economic management organs, combines, enterprises, institutions and cooperatives have to meet conscientiously the obligations resulting therefrom.

II

The five-year plan is aimed at the implementation of the 10 key points in the economic strategy for the development of the GDR economy in the 1980's, as issued by the 10th SED Congress. It is based on a cohesive conception that relies on the universal inevitabilities of socialism and the experiences in a longtime and proven policy to ensure the advances throughout the 1980's.

1. As a decisive condition for our performance growth and for improving our economic efficiency, the advantages of socialism have to be closely combined with the achievements of the scientific-technical revolution. Through science and technology the necessary lead time has to be ensured for our intensively expanded reproduction, especially through the development and introduction of new products, procedures and technologies. On that basis, R&D contribution to increasing our national income has to be perceptibly increased. R&D has to be speeded up, and there is a priority on ensuring a rapid application of research data in production. Top-standard achievements have to be increased in number and have to be used at a broad range.

The priority here is placed on speeding up the development and application of microelectronics, robot technology and electronic computer technology for a more efficient organization of production and administrative projects.

Based on technologies that save working hours, energy and material, the productivity and the qualitative level of products have to be improved considerably through an extensive use of industrial robots. R&D work is primarily to be aimed at the most efficient use and highest possible refining of available energy sources, raw materials and material, including secondary raw materials and waste products, and at the development and effective use of highly refined chemical and metallurgical working materials and silicate raw materials.

Mainly by way of socialist rationalization and by reconstruction and modernization at a high technological level, science and technology must be used still more extensively to elevate productivity and improve the working people's working and living conditions. Creative work, especially the inventiveness of the scientists, engineers and innovators, must be oriented to solutions through which from every unit of raw material and energy invested a maximum of use value is achieved, a high boost of productivity ensured, and a decisive contribution is made to strengthening our export capacity.

To boost the economic effectiveness of science and technology, the following targets are set down:

--In the economy we must achieve an annual saving of working time from 490 million hours in 1981 increasing roughly to 660 million in 1985, while simultaneously assign manpower to other, more productive, labor and achieve further improvements in the working people's working and living conditions;

--the specific energy consumption is to be reduced, up to 1985, by an equivalent of 70 million tons of raw lignite compared with 1980; the use of heating oil as energy source and of imported pit coal and pit coal coke for energy purposes must be extensively reduced;

—in the 1981-1985 period, the following material savings are to be achieved:

Rolling steel	roughly 2.2 million t
Aluminum	more than 50 kt
Copper	roughly 15 kt
Cement	1.9 million t

An effective solution of this requirement calls for a deepened cooperation between the combines' R&D facilities and the Academy of Sciences as well as the universities and colleges.

To ensure high speed of development and a high economic effectiveness of science and technology, the results of the international scientific-technical cooperation with the USSR and the other CEMA countries must more be used and international scientific-technical cooperation must systematically be ensured as an effective process of the division of labor.

Through basic research, within the scope of the natural science and technical sciences research programs, the necessary lead time for economic development has to be created, scientific solutions have to be worked out for decisive economic and social processes, and they must help in applying such research data rapidly to production.

Through the social sciences, developing further their interdisciplinary character, effective contributions have to be made to the all-round strengthening of real socialism.

Research collectives are to be assigned, mainly, ambitious tasks for top achievements and high economic objectives commensurate with the advanced status and developmental trends of science and technology in the world.

A purposeful use has to be made of the scientific-technical creativeness of the innovators, inventors and rationalizers, especially of youth in the "Fair of the Masters of Tomorrow" movement to achieve the ambitious tasks of the science and technology plans. To cope with scientific-technical progress, more still must be made of the dedication and creativity of youth, especially the working youth. The economic initiatives of the FDJ and the youth brigades must be supported in every way.

Management and planning must most effectively ensure the connection between R&D, project planning, investment and production all the way to the selling of the products.

2. A vastly higher level of labor productivity is to be attained through high scientific and technical effects at a broad range. In a growing number of enterprises and combines we must ensure a faster rate of growth in labor productivity than in industrial commodity production, mainly by raising the technological level of production, a more rapid generalization of the experiences of the best workers and the reduction of unjustified differences in levels.

The number of jobs saved, on the basis of an extensive reconstruction and rationalization of extant enterprises or of production sectors, must more and more exceed the number of jobs to be newly created.

The application of scientific labor organization is to improve the material working conditions, ensure smooth labor processes, reduce downtime wherever possible, and consolidate labor discipline.

It must be seen to it that the working people are from the outset drawn into the preparation and implementation of measures to improve production and working conditions further and in introducing technologies and procedures that cut back working hours and jobs.

For boosting the labor productivity, comprehensive use has to be made of the working people's high educational and qualification level, which will grow further up to 1985, it being so high an objective. In material production and in science, the high intellectual potential is to be applied always more effectively to the acceleration of scientific-technical progress.

For implementing our socialist performance principle, we must extend the systematic introduction of productive wages through performance-oriented basic wages and salaries. Pay must be closely connected with scientific labor organization and the application of performance indicators.

Wage increases, according to plan, in the combines and enterprises must be used as incentives for higher results in R&D and production, as productive wage incentives.

3. A decisive five-year plan emphasis is given to enhanced refinement and the more comprehensive use and utilization of economically available energy sources, raw materials and working materials at all production levels.

The requisite improvement of performance and the providing of more and better end products for public supplies, the economy and export have to be accomplished by a more or less unchanged volume of raw materials and energy sources. The consumption of economically important energy sources, raw materials and working material, in terms of unit of industrial commodity production, is to be reduced by an annual average of 6.1 percent, which includes

energy intensity	at least by 5.0 percent
rolling steel in metal working industry	6.8 percent
rolling steel in construction industry	3.9 percent
cement in construction industry	5.0 percent

All combines and enterprises have to solve the task of producing high-grade commodities from every kilogram of raw material through skilled labor, at a maximum volume. To that end, a high degree of refining and recycling of every available raw and working material has to be ensured in each production branch. Through such enhanced refining, a greater volume of end products is to be achieved and a perceptible reduction in production consumption while the use value and quality of products go up, particularly through the comprehensive utilization of the important intellectual potential, based on the application of the latest procedures and technologies.

Support must be given to the FDJ campaign, "Materials Economy," and the corresponding projects of the Ernst Thaelmann pioneer organization.

Through the development and stronger application of material-saving procedures and technologies and multishift capacity operation of most modern equipment, a high contribution is to be made to reducing specific material consumption.

The ministers and the general directors of combines have to implement the work with norms and parameters for material and energy consumption, as the main field of all management activity, at a high quality and by constantly adapting to changing conditions and opportunities. Planning, balancing, allocations and the use of energy and material must be ensured on the basis of progressive guidelines, norms and standards.

As a fundamental task for materially ensuring our performance development, the collection and reutilization of available secondary raw materials and industrial waste products must be increased. That pertains in particular to ferrous and nonferrous metal scrap, waste paper, timber offcuts, plastic materials and fixing baths, bones, fatty compounds, corundum grains and waste sulphite liquor, used oil, old textiles, thermoplastic waste, scrap tires, electronic scrap, return-container glass and old fire-resistant materials. The ministers and the general directors of the combines have to provide for a speed-up in the production effectiveness of the necessary scientific-technical solutions and create the requisite processing capacities within the scope of their appropriations while fully exhausting available basic assets for processing primary and secondary raw materials.

To meet the altered conditions for securing raw materials, it is imperative to raise the degree of multiple use significantly, especially for wrapping material.

4. As a fundamental task, a high qualitative production level at our entire economic range has to be ensured across all preparatory and intermediate steps, down to the final products. Top-product "Q" quality seal output must be raised to circa M 100 billion by 1985.

Quality improvements for products while improving the volume/performance ratio are R&D tasks of the first rank. Scientific-technical solutions have to be worked out and applied in production which, based on an optimum refining of available raw materials and working material, ensure an output that helps set progressive international standards in terms of use value parameters, costs, working life, reliability and design.

On that basis we must meet the increasing needs to strengthen the material-technical base of the economy at a high technological level, supply the population with new, high-grade consumer commodities, and provide for lucrative exports.

5. Labor efficiency must be greatly improved during the five-year plan period. The cost/benefit ratio must be decisively improved by using the latest scientific and technological data, the most economical use of live and embodied labor, mainly in base material, energy, propellants and fuels, and through the most rational use of investments and of all economic resources.

In 1985, the national economy must experience at least a 15-percent reduction of public expenditures compared with 1980. On that basis we must ensure a high growth rate for the economic end product and a perceptible reduction of production consumption andof material allocations in all public domains, especially a further reduction in the outlays for energy and basic material. To that end, the combines, enterprises and institutions must thoroughly analyze the factors of the reproduction process and disclose, and make useable, sources and opportunities for additional reserves. Common and administrative costs must purposefully be reduced.

In industry, prime costs have to drop by 3 percent each year.

In combine and enterprise planning, the unity between material and financial processes has to be reinforced, and the tasks of the state plan must still more effectively be combined with the economic accounting categories.

The controls over and the precise accounting for and analysis of costs must be raised onto a higher level in the enterprises and combines. Cost comparisons have to be conducted among enterprises and combines with the purpose of using the experiences of the best workers for the most efficient employment of live and embodied labor.

The most effective use of all available resources and the thriftiest handling of all material and financial assets must be enforced as a principle of socialist economic management in all areas of the economy. The effectiveness of economic cost accounting must be further improved to that end.

Currency control must be strengthened to enforce the economic demands placed on efficiency development.

6. Comprehensive socialist rationalization has to save working hours, enhance the quality of labor and improve the working people's working conditions. There must be a decisive boost in the proportion of investments in socialist rationalization. The technological level must be fundamentally improved through accomplishing modern, labor-saving technologies, especially by means of microelectronics and the use of industrial robots and automated systems.

In the 1981-1985 period, 45,000 industrial robots have to be produced and used highly effectively in our economy. Per industrial robot used, an average of 2.5 manpower is to be released for other tasks. What it costs must be made up for in no more than 3 years. At least 37,500 industrial robots have to be produced by the combines and enterprises themselves, through their own construction of means of rationalization. The combines concerned must ensure the availability of specific components and sets of components such as controls, engines and gears.

By means of constructing its own means of rationalization, each combine must expand significantly the scientific-technical and material foundations for rationalization. In industry, its own production of branch-specific means of rationalization must by 1985 at least be doubled, compared with 1980.

7. Through a resolute implementation of socialist intensification and rationalization, basic assets and investment effectiveness must be raised significantly in all economic areas. We must improve the utilization of the available important potential of our basic assets. Investments must be aimed at perfecting our material-technical base in qualitative respects.

By cooperating with planned preventive maintenance, the reconditioning and modernization of the constantly growing resources of basic assets must receive an absolute priority attention in the placing of investments.

Maintenance and modernization measures for the available basic assets must be effectively combined so as to raise steadily the scientific-technical level and the effectiveness of basic assets, whereby to create the prerequisites for greatly boosting our labor productivity. The placing of investments must be concentrated on production sectors that determine capacities. That must include the perfecting of finishing processes and labor cycles. Starting new investment projects must be held to the measure that is economically absolutely necessary.

R&D must be connected with investments in such a way that we can ensure the planned conversion to new products and technological procedures that conform with the highest scientific-technical standards and are of crucial importance for fashioning a highly effective economic structure. We also must make sure that the preparation and realization of investments are based on the latest R&D data.

Realization periods must be greatly reduced through investment concentration. A maximum of 2 years is to be established as a social norm for realizing investment projects. Thereby we can critically reduce the volume of incomplete investments in our economy. Investments must cut back more jobs than create new ones.

The construction share of investments must be greatly reduced in all economic areas, the one in industry, to at least 25 percent. Construction combines and enterprises working together with the investment consignors and the combines and enterprises in the investment goods industry, have to develop cost-reducing construction engineering and design solutions or absolutely abide by best solutions available.

A properly timed and high-grade preparation of investment projects the plan calls for is important. Implementation has to be managed rigidly. Standards for the costs and time frames for investments, based on modern projects and on using bids and reutilization projects, have to be constantly improved and be resolutely implemented. To improve investment efficiency, the increase in industrial commodity production per M 1,000 of investments placed, has to be brought to 126 percent compared with 1976-1980. The most important production equipment must be allowed 16 to 17 hours per calender day in 1985.

8. For public supplies, far more and better consumer goods have to be manufactured, including the needed ancillary products and semifinished products and an adequate assortment of spare parts. At the same time it is necessary greatly to increase supplies in novel, high-grade consumer goods in excellent quality and design, especially those that are much in demand among the public and on intenational markets. In this, consumer commodity production must primarily be developed on the basis of domestic raw materials and those imported from the socialist economic sector.

In areas that have a great share in consumer commodity production, "Q" quality seal production has to be boosted as follows:

	$\frac{1985}{1980}$%
Ministry for Light Industry	156
Ministry for the Glass and Ceramics Industry	261
Ministry for Bezirk-Managed and Food Industry --in the wood and cultural merchandise industry field--	426

Better intrinsic values for the products and their highly efficient manufacture are to be achieved through an increasing degree of refinement in the raw materials used, the application of technologies and new working principles that are beneficial in costs and highly productive, a low specific material and energy consumption, and through improved reliability and a simpler way of using them, through functional properties and designs and by being more fashionable. Technical consumer commodities must get more microelectronic components.

The combines making means of production have to raise their contribution to consumer goods production rigorously, particularly by developing and producing new high-grade consumer goods or through a targeted increase in their production of means of rationalization and of components for the consumer goods industry.

9. The five-year plan is to achieve high dynamics for the social production and the national income. That depends on a much higher effectiveness of all qualitative factors in the reproduction process.

National income growth, in conformity with the tasks to increase our materials economy and reduce costs, must more and more parallel its own share in the reduction of production consumption.

A fundamental task in the 1981-1985 five-year plan therefore is that in all areas and on all levels of the economy economic end results must grow faster than production consumption and investments. It is to be taken for a fact that the growth of production and of the national income will not be able to rely on using more material in the future but on more skilled labor.

10. In conformity with our economic strategy, the scope and quality of our social production must continue to be improved, increasingly so, by our intensively expanded reproduction. Our material-technical base must be extended further, principally by means of intensification.

The critical prerequisite for it lies in the implementation, according to plan, of the new strategic developmental trends of science and technology, the development and application of new working principles, effective technologies and procedures, the organizing of a powerful thrust in rationalization and the needed qualitative changes in shaping economic structures and production profiles.

The consisten deepening of intensification becomes an economic strategy task of the first rank. It must organically be combined with improving the working people's working and living conditions. This way it becomes a basic concern for each individual and deeply conforms with his own interests.

III

For the further extension of the material-technical base of our economy as the critical basis for further ensuring stable economic growth, the following tasks are laid down:

1. The Energy and Raw Material Base of the Economy

The energy and raw material base of the economy is to be further developed by raising the supplies in domestic raw materials and comprehensively using secondary raw materials and waste products and by a new quality of our entire energy and materials economy, principally through comprehensive refining.

For crucial economic raw materials, closed cycles are to be set up that make full use of waste products and by-products. Up to circa 12 percent of economic requirements for important raw materials is to be met by 1985 by using 30 million tons of secondary raw materials. The highest rank is to be granted to an economical use of energy sources, raw materials and working materials in all combines and enterprises.

The production of important energy sources and raw materials is to be developed as follows:

	Unit of quantity	1985
Softcoal mining	million tons	290
Electrical energy production	billion kilowatt	112
Carbide	1,000 tons	1,250
Plastics, elastics	1,000 tons	1,300
Synthetic fibre materials	1,000 tons	150
Nitrogen fertilizers	1,000 tons N	1,200
Potash fertilizers	1,000 tons K_2O	3,450
of which granular and globular		2,245
Rolled steel total	1,000 tons	9,282
of which refined rolled steel		7,393

Geological industry has to ensure necessary research, exploration and supply leads for the extraction in domestic raw materials.

All economic areas have to carry out target-directed measures to save energy. For comprehensively enforcing rational energy use, the scientific-technical potential is to be aimed at the refinement processes for rough lignite, at electrical energy and heat production and coal refining, and at solving the crucial substitution questions and attaining scientific-technical top levels in terms of the energy requirements for products and procedures on all production levels in the economic areas and branches.

Primary energy is to be developed by more of a use of domestic softcoal and nuclear energy. We must crucially reduce here the use of heating oil, pit coal and pit coal coke and fuels.

The planned rough lignite extraction is to be accomplished through intensifying extant open-pit mines and creating an extraction capacity for an annual volume of at least 70 million tons. Supplying the economy and the population with electrical energy, according to plan, is to be ensured through stable operations in the existing power plants and through an expansion of capacities in line with economic requirements.

In chemical industry, we must significantly increase the refining of the available raw materials, especially of domestic rough lignite. Carbochemicals must mainly be made more effective and efficient to that end. Measures set down for boosting high-grade petroleum products must be enforced resolutely. There has to be a priority development in the production of highly-refined chemical products, especially high-grade synthetics, synthetic fibre materials, highly refined small-tonnage products and new effective medicines and herbicides and insecticides.

Metallurgy, through a higher refinement of its commodities, must create the prerequisites for ensuring the high rate of economic growth by means of more or less equal volumes of rolled steel and nonferrous metals. In ferrous metallurgy, the production of refined commodities must be developed in such a way that its share comes to 80 percent of the end products by 1985. The converter steel works with a continuous casting plant in the Ost metallurgical combine and the reconstruction and modernization of other profile-controlling capacities must be kept to definite production schedules. In wire rod, heavy plate, sections, tubing, coated metal and internally coated steel pipe assortments and qualities must be greatly improved through the use of continuous and modern methods.

In nonferrous metallurgy we must increase the production of metals from domestic raw materials, resorting also to secondary raw materials and slag dumps. In tin, domestic demands must be satisfied by higher extraction.

In forestry, through comprehensive intensification measures, the production and yield guarantees of forest resources must be raised, and lumber supplies must increase to from 10 to 10.2 million cubic meters in 1985.

2. Production and Allocation of Equipment, Machines, Ancillary Supplies and Spare Parts

The production of high-grade machines, equipment and devices for the rationalization of our economy and for export, conforming to the intrinsic value and performance parameters of the highest scientific-technical standards, is to be developed above average by the broad application of microelectronics, electronic control and testing equipment and means of automation.

The output of important products is to increase as follows:	$\frac{1985}{1980}$ %
Microelectronics components (solid state circuits)	435
Electronic ADP installations	270
Industrial measuring, control and regulating installations	148
Digital controls	397
Cutting-type machine tools	165
Cold-forming machine tools	162
Machinery and equipment for the textile, clothing and leather industries	143
Wrapping machines	148
Open-pit mining installations	155
Cement installations	175
Foundries	150
Farm machines	150

In line with the high economic requirements, industrial commodity production in electrical engineering and electronics must be raised to 158 percent. We must achieve above-average growth rates in the production and products of ADP techniques and telecommunication techniques, scientific equipment construction, and automation and control techniques.

The production of microelectronic components has to be more than doubled; it has to be raised three to fivefold for optometric and performance-electronic components. By far most of what the economy needs in these products up to 1985 has to come out of our own efforts; the crucial ancillary supplies and equipment for it have largely to be manufactured by the industrial branches concerned. The use of base technologies is to be doubled in 1985, compared with 1980. In selected fields we must achieve international top standards in terms of qualities, technologies used and costs.

In all economic areas, the application of microelectronics is to be directed at the development and production of highly productive machines and installations, especially in machine tool and processing machine construction, at producing high-grade industrial consumer commodities, and at extensively rationalizing administrative work toward cutting back jobs.

Machine building must boost its production by 141 percent up to 1985, which must come mainly from an intensively expanded reproduction.

Existing enterprises must be reconstructed and modernized purposefully, internal reserves for improving production techniques and organization must be mobilized, and the newly created capacities must be used more effectively.

The proportion of more highly refined products must be significantly increased. By 1985, at least 50 percent of the final commodities must have their own microelectronic control and guidance systems. Through a wider use of more solid working materials and of material-saving technologies, the specific material consumption in rolled steel and cast metal must be greatly reduced. The main way to raise the technological production level is the complex rationalization of whole production sectors, setting up integrated production sectors and machine systems all the way to flexible automated operations.

For that, we need more industrial robots. Technical production preparation and organization have to be greatly rationalized and optimized through consistent ADP and the proper ADP equipment.

The capabilities of the ancillary industry and spare part production have to be increased in accordance with the requirements for ensuring final production. That calls for further improving significantly the scientific-technical level and the qualities, working life and reliability of ancillary products and for accelerating the application of highly-productive technologies and of material-saving design principles. In the enterprises that we have we must carry out more rationalization measures and expand capacities for economically important ancillary commodities.

3. Consumer Goods Production

The production of essential consumer goods is to be increased at the following rate:

Product	Unit of quantity	1985
Household refrigerators	thousand	859
Electric ranges	thousand	232
Washing machines and combined washing devices for domestic use	thousand	521
Radios	thousand	1,426
Color television sets	thousand	510
Heavy detergents	metric tons	200
Paints and varnishes	metric tons	368
Car tires	thousend	5,500
Textile floor covering	million square meter	39
Walking shoes	million pairs	45.8
Furniture and upholstered goods at industrial sales price of	million Marks	7,295
Household and hotel porcelain at industrial sales price of	million Marks	709

Through the textile and clothing industry, the wood and cultural merchandise industry and the glas and ceramics industry, production has to be increased to meet demands, especially in high-grade and fashionable consumer goods. Young people should get more of a chance to obtain youth fashion items.

In the bezirk-managed industry, the newly formed combines have to be consolidated and expanded. Through an important labor productivity and efficiency boost, a critical improvement in performance efficiency has to be achieved in high-grade consumer goods, the "thousand small items," and in spare parts. The higher technological and economic level of production and products is to be ensured through a target-directed extension of the R&D potential and the construction of means of rationalization of one's own.

The crafts have to make a significant contribution, in conformity with teritorial and craft-specific conditions, to meeting public demands, especially in individually designed consumer goods, and to improving the supply level in qualitative terms. Socialist cooperative work must be further extended, especially through taking part in commodity or supply groups and through cooperating with state-owned service and repair enterpsises.

4. Agriculture, Food Production and the Foodstuffs Industry

Agriculture and the food industries must further raise their output and efficiency by making better use of their own resources to ensure stable and constantly improving public supplies through high-grade foodstuffs and agricultural raw materials for industry. By menas of local reserves, rural working and living conditions have to be improved and be brought more in line with urban ones.

In conformity with economic requirements, the cost/benefit ratio must be vastly improved in our socialist agriculture. That is imperative for the requisite reduction of the production consumption per unit of commodity, especially through improving the materials and energy economy and a cautious maintenance and care of the equipment we have. The main course for improving the capability of agriculture and the food industries is a continuing rigorous intensification and rationalization based on science and technology and the full utilization of the great development potentials of socialist agriculture. Capacities and resources are principally to be concentrated on the intensification of crop production. Emphases are the increasing of grain, basic fodder, produce and fruit production and higher potato and sugar beet yields. An effective and complete use of every square meter of soil and a constant improvement of its fertility is a first-rank task of great economic weight. At the same time we must tap reserves by surmounting the unjustified yield level differences between the LPG's and VEG's.

The total yield in crop production is to be raised by 1985 to between 43.7 and 44.2 metric tons of grain units per hectare of agricultural acreage, those of grain to 39.5, potatoes to 220, and sugar beets to 330. On that basis we will achieve a grain output of at least 10.4 million tons by 1985. The state production of fruit is to be raised to 610 kilotons and of produce, to 1,368 kilotons in 1985.

The following state quotas were set for the more important animal products:

	Unit of quantity	1985
Fat stock	1,000 tons	2,400
Milk (4% fat)	1,000 tons	6,930
Eggs	millions	4,720
Wool	tons	7,000

With it, one has to ensure a systematic reproduction of cattle stocks and improved breeding results, mainly by reducing animal losses and good animal care and maintenance. From each kilogram of fodder more animal products must be produced.

The consolidation and deepening of cooperation relations are to be aimed more consistently still at a high increase in performance and the use of all inherent potentials of the agricultural production cooperatives, state farms and their cooperative facilities.

Crop production investments have to be concentrated more on improving the effectiveness of machine systems, especially in the grain harvest, and on production installations, transport and reducing storage and canning losses.

Animal production investments are resolutely to be concentrated on rationalization and reconstruction; the idea is to use the installations we have for a long time.

In the foodstuffs industry agricultural raw materials are to be processed efficiently with their losses kept low, so that the population has high-grade foodstuffs available.

The foodstuffs industry has to make stable and uninterrupted supplies in the commodities of daily need available to the population. In response to constantly climbing demands, more newly and further developed high-grade food and luxury food items must be made available, with special attention given to healthful nourishment.

Management and industrialized production in sea and coastal waterways are to increase the supplies of fish for consumption.

5. Construction

The building industry must improve its performance and efficiency to strengthen further our accomplishments and effectiveness in resolutely carrying on our housing construction program. The main way to build faster, better and more effectively is to go on and enforce rigorous intensification and rationalization based on high scientific and technical levels, industrialization, and the management, planning and organization of production and construction processes.

In the construction ministry area, labor productivity has to be increased by 19 percent. Emphases are the reduction of specific building expenditures, while maintaining our economic and sociopolitical goals, by 15 percent and reducing construction schedules by 30 to 50 percent, especially for industrial and science projects. In new housing construction and public education buildings, assembly line production must be used consistently. We also have to improve significantly the technical construction preparation for communal underground structures and for modernization and repair projects.

The proportion of construction measures for reconstruction and modernization is nearly to be doubled up to 1985. To ensure the realization of local construction projects, especially those for maintenance, the enterprises in the kreis-managed construction industry have to develop their capacities as to demands. Building repairs for apartment buildings, especially for refurbishing them, must be boosted significantly.

The development of the building materials and prefabrication industry must consistently be aimed at supplying the economy, the population and export with building materials and prefabricated elements proper as to needs and qualities.

To ensure better heat insulation for buildings and other possibilities for the development, production and use of insulating materials, we have to use domestic raw materials and by-products and create more expedient insulating techniques for windows and doors.

6. Transport/Postal and Telecommunications Service

In the transport sector, better service is to be provided in passenger transport, freight and transshipment.

To reduce social expenditures in the economy and for reasons of our energy economy, specific transport costs must systematically be lowered in all economic branches by means of optimizing delivery and transport relations.

To cope with domestic freight under energy-economy conditions, our scientific-technical development must focus on introducing new, especially energy-saving, technologies and comprehensive mechanization.

By resolutely shifting haulage from road to rail and expanding the cargo to be transported by inland navigation, the division of labor among the freight carriers has to become more effective. To make the railroad more efficient, we must electrify a section of between 700 and 750 kilometers, and more efficient operational technologies are to be introduced for making better use of freight car parks, trailer camps and transport installations.

The transshipment performance in sea ports is to be raised to 146 percent.

Motor vehicle enterprises have to provide the most efficient use of transportation and repair capacities.

In passenger traffic, to improve further the working people's working and living conditions, the quality and reliability of commuter and pupils' transportation and travel have to be improved.

In the postal and telecommunications sector, services are to be increased to 113 percent, with their efficiency and quality improving as well.

Telecommunications performance is to be raised by 118 percent by using modern transmission installations and gradually expanding the long-distance network and telephone extensions.

New housing complexes must get telephone lines, especially those in Berlin, capital of the GDR.

7. Water Management and Environmental Protection

Through water management, we have to do better in supplying the population, industry and agriculture with drinking and service water in good quality. We have to ensure rational water resource management through minimizing expenditures and effectively using water management installations in all areas of the economy. There is a priority on water supply and sewage treatment for the complex housing construction program. Further improvements in water supply and sewage treatment are required for Berlin, capital of the GDR. The degree of public drinking water supply is to be raised to 91 percent, of sewage disposal, to 70 percent. Supplying another 400,000 citizens from the central drinking water network primarily calls for their own initiative.

In environmental protection, systematic measures have to be adopted, to improve the working people's working and living conditions and make a rational use of the natural resources, to keep the water clean, use and protect the soil, keep the air pure, reduce noise, and take away and utilize refuse and by-products. Environmental conditions have to be improved especially in workers' centers and conurbations.

IV

To elevate the population's material and intellectual-cultural standard of living, the following targets are assigned:

1. Working and living conditions in the combines, enterprises, facilities and cooperatives, being the basic element of the working people's material and intellectual-cultural standard of living, must systematically be improved.

In industry, the building trade and the transport sector, circa 1,100,000 jobs have to be newly set up or reorganized between 1981 and 1985 through the use of scientific labor organization data; and existing labor hazards are to be done away with for circa 300,000 working people.

In conformity with the steadily growing comprehensive material funds and the increase in modern highly-productive equipment and installations, enterprises and combines will have to take purposeful measures to prevent fires, interference and breakdown in order to improve labor and production safety. Through resolutely abiding by and enforcing the legal regulations applying to it, a more effective contribution is to be made to improving order, security and discipline, technical safeguards and technological orderliness, and to all-inclusive labor safety and health and fire protection. Measures for improving disaster protection further must be enforced rigorously.

In the enterprises, we must further improve health and social welfare care and the preconditions for the working people's intellectual-cultural and sports activities. Facilities for it must be efficiently used and further expanded. Territorially available cultural institutions and sports arenas must still more be made available to all working people, especially to youths. FDJ initiatives toward setting up youth club facilities are to be supported.

Catering facilities on the shop floor, especially for workers on shifts, who are working under cumbersome conditions, are to be perfected. Especially in the construction and assembly enterprises and in the small and medium-size enterprises must catering facilities be improved.

There must be a further development of the cooperative efforts between the enterprises and facilities in tapping territorial reserves for improving communter traffic, the food quality at work, commodity and service provisions, and the conditions for taking care of the children.

In the industrial and construction combines and on the local councils, the management, planning and structuring of the working people's working and living conditions must be further perfected in conformity with the integrated reproduction process.

Meals for pupils and pre-school children are to be further improved.

2. The long-term housing construction program, the centerpiece of our social policy, is to be steadily advanced between 1981 and 1985 by the new construction and modernization of 940,000 dwellings, especially for workers' and large families and young couples. There are 600,000 new dwellings among them that are to be completed.

We must see to it that the proportion of dwellings to be built by workers' cooperative house-building societies comes to between 42 and 45 percent of industrial new housing construction, and that of private and rural homes, to circa 10 percent of it each.

Within the scope of our complex housing construction program, there are to be completed, in accordance with state expenditure guidelines, for supplying and taking care of the population in the residential areas, the necessary communal facilities, especially schools, gyms, kindergartens, day nurseries, youth club facilities, medical and dental positions in out-patient and polyclinical establishments, sales outlets, restaurants and service institutions.

For housing structure and dwelling unit maintenance, we have to provide, between 1981 and 1985, for a circa 125-percent increase in bulding repair services in comparison with the 1976-1980 period.

3. The net monetary incomes of the population are to be raised by 120 percent in 1985 over 1980, as our production and efficiency goals are being met. The increased monetary income of the working people must mainly be ensured through their work income on the basis of our proficiency-oriented wage policy.

Because of better performance and qualifications, the cooperative farmers and the other working people will also make more money.

4. To improve public consumer goods supplies, retail turnover is to be increased by 120 percent in 1985 over 1980.

The production and supplies of high-grade consumer goods are to be raised significantly on the basis of the latest data of scientific-technical progress. These commodities have to be manufactured in response to public demands at fine qualities, in good design, being fashionable and attractive and more reliable and using less energy, and in large numbers. That above all includes consumer goods to provide apartments with fine decor, ease household chores and make leisure-time and recreation meaningful.

Supplying the population with commodities of daily use, mainly with basic food varieties and baby-food products, must be ensured on a steady basis and be proper as to demands. Supplies to consumers, proper as to demands, must likewise be ensured in the assortments of the "thousand small items." Spare part supplies must be noticeably improved at a broad range.

Consumer durables have to be offered at stable consumer prices. In view of the development of more diversified needs, goods are to be made available in all price categories, with goods in the medium price range, solid in quality, making up the main portion of our commodity supplies.

To ensure our supply tasks, commercial activity must become more efficient. Commercial losses must be reduced further, and disparities among commercial enterprises and territories must disappear.

Commercial expenses must drop by an average of 1.3 percent annually. The efficiency of the material-technical base we have in commerce is to be improved further through rationalization and reconstruction and through multishift operations, especially in commercial shipping.

To take care of the population and the social institutions, services have to be systematically expanded through raising the efficiency of state-owned service enterprises and the promotion and better utilization of the craft producers cooperatives and the individual crafts. Growing demands for services have to be satisfied through high efficiency, reduced waiting periods and ever improving qualities. Public repairs and services are to be increased to 120 percent in 1985 over 1980. A stable, reliable and proper-quality performance development of dry-cleaning will give greater satisfaction to the population.

Maintenance and repair of technical consumer goods have to be increased by 123 percent in the current five-year plan period. Municipal service enterprises, taking account of environmental and hygienic requirements, have to provide cleanliness and order in the towns and communities.

5. In the educational system, in accordance with the further shaping of the developed socialist society, youth is to be enabled to cope with the demanding tasks posed by our carrying on with our socialist revolution.

In the field of public education, the development of the 10-grade general-education polytechnical secondary school is to be carried on systematically. This further shapes the polytechnical character of the secondary school. All children get a high-level secondary school education, and their communist education is being further improved.

Material and personnel prerequisites for pedagogical work are to be improved further. The development of the various fields in public education has to be ensured systematically, and territorial disparities existing have to be further diminished.

Building kindergarten facilities must make sure that children are taken care of in kindergartens, if their parents wish them to be, in all territories and can so be prepared for school.

We must systematically maintain public education institutions at their value and provide them with modern education aids; 13,400 new classrooms are to be built between 1981 and 1985.

In vocational training we must ensure high-grade training for circa a million of young specialists. Vocational training must effectively contribute to all-round personality development and economic performance growth. We must see to it that this new generation of specialists is trained appropriately for all fields and occupations and assigned correctly, especially the new industrial workers.

The combines and enterprises must gear the working people's advanced training to high performance improvements. The proportion of certified working people, especially among the women, has to be raised further.

At universities, colleges and technical schools, the basic task is the training and communist education of the students and of the new generation of scientists at a high technical level and in the spirit of the scientific world-outlook of the workers class. Through broad and sound basic training, combined with acquiring solid specialized skills for their future practical field, graduates are to be trained who can rapidly adapt themselves to new requirements of the scientific-technical progress and of society. Research at universities and colleges must still more effectively be focused at science development and economic efficiency improvement. The application and use of research data must be ensured through close links with practical life.

Between 1981 and 1985 there must be made available 13,000 boarding house vacancies, 12,000 lecture hall, seminar room and job vacancies as well as additional kitchen capacities.

6. Medical and social welfare and facilities for recreation, physical culture and sports for the citizens are to be further developed to maintain, promote and recover health.

Through public health and social services, we must further improve public health protection, make the achievements of modern medicine serviceable to the citizens and enhance still more the quality and effectiveness of medical and social care.

Mainly such measures have to be carried out that are of importance to the majority of our citizens and have a beneficial effect on our population's state of health. That concerns in particular improvements in basic medical care in large cities and conurbations and in out-patient care in general medicine, dentistry and neurology/psychiatry.

A total of 2,100 medical and dental positions have to be created, mainly in out-patient and polyclinics. Through reconstruction, modernization and new construction, 8,500 beds are to be made newly available for hospital patients. We also must set up 55,000 new places in day-nurseries and 18,500 in old-age and nursing homes.

Recreational opportunities for the working people are to be further improved up to 1985 through more package holidays sponsored by the trade unions and enterprises, to 4.7 million trips.

The FDJ initiatives for the maintenance, reconstruction and modernization of leisure-time and youth recreation facilities are to be encouraged and supported by the state organs.

In the central pioneer camps, the FDJ and the Ernst Thaelmann pioneer organization must by 1985 enjoy the use of 39,000 places per booking. A comprehensive reconstruction of camps must be continued. The proportion of capacities that can be used all year around is to be raised to 13,000 places per booking by 1985.

Physical culture and sports must be promoted all the way. The citizens' desire for health, joy in life, recreation, efficiency and well-being up to old age has to be fostered.

We must ever more extensively bring to realization the mass character of socialist physical culture in all fields, mainly in the sports for children and youths and in leisure-time and recreational sports. To that end we must steadily further develop the effective forms of engaging in sports, especially regular participation in the training, exercise and competition activities of the German Gymnastic and Sports League of the GDR and the Spartacus movement. Competitive sports must be encouraged.

7. The artists have the task to contribute, through new works of literature and art, to the forming of socialist personalities and the further shaping of the socialist way of life. Through unfolding the versatility and skills of the population, especially of the young, and through closely connecting the working people with art, we have to keep fashioning the mass character of socialist culture and art and their content of socialist ideas.

We must further expand the opportunities for high-level youth leisure-time activities, especially for the work of the FDJ youth clubs and for dances for adolescents.

A qualitative improvement is needed in the supply of books and brochures, records and movies to meet the growing demands. Public libraries must get more books.

With the opening of the concert hall on the Platz der Akademie and the rebuilding of the Friedrichstadt Palais in Berlin, capital of the GDR, and with the new Gewandhaus in Leipzig and the Dresden Semper Opera House, a significant contribution is to be made to enriching the cultural life in the GDR.

We must further enhance the qualitative effectiveness of the mass media--radio, television and the press, whereby we shall make an essential contribution to the working people's political-ideological orientation with their growing intellectual-cultural needs.

An increased effectiveness is to be achieved through the material and financial appropriations available to the educational system, medical and social care, recreation, physical culture, sports, art and culture.

V

A crucial prerequisite for continuing stable economic and social development in the GDR is the purposeful deepening of our socialist economic integration with the USSR and the other CEMA countries. This ties the GDR ever more firmly to the community of socialist states and its main force, the USSR.

Through resolutely implementing the GDR-USSR production specialization and cooperation program up to 1990, the agreements with the other CEMA countries and the long-term target program of CEMA, which also render the comprehensive CEMA program more specific and develop it further, the GDR economy must become increasingly more entwined with the economies of the USSR and of the other socialist countries.

For that purpose, the following main trends have to be brought to realization:
- A further deepening of cooperation in science and technology aiming at the acceleration of scientific-technical progress and its effecting a high performance improvement in the economy by rapidly applying common research data in production;
- ensuring stable and long-term supplies in raw materials and fuels and their effective use; and
- deepening international specialization and cooperation aimed at an efficient production structure, increased labor productivity, stable material and equipment supplies for the economy, and an all-round boosting of the GDR's export capacity.

The tasks of export to the USSR and the other socialist countries have to be made, and be fulfilled as, standard components of the plans and accounts on all economic levels, as a precondition for implementing the accords made on the import of raw materials, fuels, machines, installations and consumer goods.

We must make sure that, by way of specialization and cooperation, available capacities are used increasingly more rationally and the output of important final products, especially in the metal working industry, is increased. Specialization must give rise to new installations, machines, equipment and materials meeting technical top standards.

Economic and scientific-technical relations with the developing countries, mainly those that have taken the socialist road, have to be further extended and developed on a long-range basis. We have to provide for complex connections of export-import with scientific-technical cooperation, personnel training, advisory work and consultation and customer service.

Relying on the firm foundations of our economic relations with the socialist countries, we have to develop and expand our foreign trade with the capitalist industrial countries. That serves the policy of peaceful coexistence and benefits economic growth in our republic. Trade with those countries must be on an equal basis, without discrimination, obstacles and restrictions. Exports to those countries can be greatly expanded if we make more high-grade marketable and lucrative export products available.

International market requirements must still receive greater attention. Foreign trade sales organization must still more be adapted to the international market conditions, products must be exported at the most beneficial valuta prices, market research must become more effective, and customer service and spare part supplies must be further improved.

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The GDR Council of Ministers, in conformity with the law on the Council of Ministers, is charged with the implementation of the 1981-1985 Five-Year Plan, based on the 10th SED Congress directive, and with supervising its fulfillment. It must prepare the annual national economic plans on the basis of this law and thus ensure the fulfillment of the goals and tasks of the 1981-1985 Five-Year Plan.

The People's Chamber of the GDR calls on the workers, the cooperative farmers, the members of the intelligentsia and all other working people to devote all their strength to the fulfillment of the tasks of the 1981-1985 Five-Year Plan, strengthen the GDR in every way as an inseparable part of the socialist community of states that is rallied around the Soviet Union, and contribute to the further consolidation of the positions of socialism, peace and international security.

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CSO: 2300/280

ECONOMIC GROWTH, PLANNING, SOCIAL DECISION MAKING ARE INTERDEPENDENT

Budapest MAGYAR HIRLAP in Hungarian 28 May 82 p 7

[Paper presented by Gyorgy Marosan Jr at the 21st Congress of Economists held on 10 and 11 May 1982 in Balatonfured: "The Risk of Growth Paths"]

> [Text] Economic growth is one of the central issues of economic policy today. Several reports and contributions were devoted to it at the Balatonfured congress of economists. We are reprinting one of these reports in our paper.

The concept of economic growth path became a generally accepted category in economics a few years ago. Actually its emergence and spreading reflect the realization that the slowdown of the economy is not of a temporary nature--i.e., that it is not a result of passing problems and temporary standstills--but a regularity of longer duration.

For decades we lived in a fetishism of growth. This of course applies not only to us, but to other socialist countries as well, and essentially to every country in the world. Politicians prompted the economic experts to plan ever higher growth rates, as if the choice of the rate of economic growth were merely a question of decision.

Naturally it was possible to accelerate economic growth for a time, at the cost of intensifying certain contradictions. In the socialist countries the acceptance of certain structural contradictions--for example, the infrastructure's neglect in favor of industry, the financing of import with loans--made temporary resources available with which the rate of economic growth could be accelerated or maintained temporarily. Even if they recognized the problems stemming from this, economists tried to reassure themselves with the hope that at a higher level of development it would be easier to rectify the omissions. But the contradictions intensified more and more, and the liquidation of the disproportions was postponed for ever later. Finally the accumulated contradictions, the intensive structural problems and shortages slowed down the economy's growth. Just as in the case of a student driver: if he does not shift gears in time going uphill, his engine will stall. At this point it became clear that the entire economy had to shift gears.

Recognition of the need to switch to a new growth path reflects a change of view: long-term the planner anticipates a significantly slower rate of economic growth than before. But this has very far-reaching consequences. It is true in general, and in Hungary's case in particular, that structural transformation becomes more important as the economy slows down. Earlier, in the period of rapid economic growth, it was easier and less painful to make structural changes. With the slowdown, however, also the nature of structural transformation changes. Any of the elements can be modified only at the expense of the others; i.e., structural transformation can take place only in a process of sharp differentiation.

Against Excessive Differences

In Hungary, parallel with the slowdown of economic growth and partially as its result, the internal and external conditions of economic reproduction have changed. In contrast with the past, the quantitative factors are relegated to the background, and the qualitative factors are shifting into the forefront of attention. The importance of increasing the workforce is gradually being replaced by the requirement of using the human factor effectively. In the final outcome, this new stage of development is characterized not so much by a slow rate of economic growth as by a fast rate of structural transformation and rearrangement. Therefore it is more appropriate to speak of a path of development, not of a growth path. This seemingly insignificant conceptual difference is not only important in principle but, as we shall see, also has important practical consequences.

Are there alternative paths of development? At least two typically different alternatives can be imagined: the stability-centered and the innovation-centered paths of development. The stability-centered path of development is based on freezing, or at least slowing down, structural change. Over a short period of time, this alternative minimizes the conflicts. Its underlying, explicit or implicit, assumption is that structural change intesifies the socioeconomic contradictions. If society's tolerance of conflicts is low, these socioeconomic contradictions disorganize society and the political system, and necessarily set the economy back. It is better and safer, the advocates of this alternative contend, to centralize resources and, through their redistribution, forestall the development of excessive differences.

Growing Conflicts

The innovative path of development is based specifically on an acceleration of structural change. The intensification of the contradictions is partially a cause and partially a consequence of this. But the leadership deliberately wants to place in the service of economic development the social and economic conflicts triggered by these contradictions. Choosing this path, society regards as more tolerable the intensification of the conflicts accompanying structural change, in comparison with problems that would arise from a postponement of structural change. Society permits and even encourages differentiation, while reducing centralization and redistribution. In most of industry, society focuses attention on effectiveness--profitability--and creates the economic and organizational conditions for it, by perfecting the banking system. Thus the choice between the two different paths of development is essentially a qeustion of a political nature. Every leadership must consider what is more tolerable for society: the present smaller or the future larger conflicts and contradictions. Within these two basic variants there can be other strategic alternatives. For example, a centralized or decentralized mechanism, a demand-led or output-led system of objectives, etc.

Each path of development has its own planning style, method and approach. The so-called system of the plan's breakdown used in the 1950's and 1960's, for example, suited in many respects the growth-oriented path of development. It attempted to define quantitative growth in ever greater detail. In longer historical perspective this succeeded, but the planning system was unable to manage qualitative development.

With the introduction of the new economic mechanism, planning changed significantly. It deliberately assumed that it was unnecessary to plan development and growth in every detail, for this never succeeds. Or if it does succeed, very often the problem is that certain side effects, difficult to take into account, severely impede or prevent the realization of the objectives. In a significant sphere of the economy, therefore, self-organization must be allowed. This approach first emerged in agriculture and spread increasingly in industry.

Simultaneously it became increasingly clear that even this new approach to planning was unable to suitably perceive the qualitative factors. It was typical that the quantitative objectives were mostly fulfilled, but in practice the qualitative objectives were never achieved. The problems can no longer be solved through a quantitative growth of output, but by accelerating the change of the product structure and by raising the effectiveness of the innovation process.

With Circumspection, Accepting the Risks

Thus the innovative path of development represents a new stage also in planning. For the reasons outlined above, so-called problem-oriented planning is now the order of the day. In comparison with the previous approaches, this approach represents progress in the sense that it concentrates predominantly on the areas that determine development. It is not sectoral, it does not want to adjust at all cost to the division of competence among ministries, the individual phases of social and economic reproduction are not separated, and it is not limited to certain social spheres. The essence of problem-oriented planning is that it concentrates on the resolution of the important problems and contradictions that have both social and economic aspects and are in the forefront of society's development. It is not simply a question of a certain retreat in planning, of planning's refusal to define the economic development of all spheres in every detail. Instead, planning is concentrating its efforts on the solution of the problems that impede long-range development. But in this area planning is taking more closely into consideration the human element, the factors that often cannot be quantified readily or at all.

The choice among the various paths of development is decided by many factors (of a social and political nature). In making this choice, however, one consideration must not be overlooked. As our opponents and even our enemies admit, our society has accumulated considerable political capital during the past 25 years. But it is true of political capital--in the same way as of economic capital--that it is lost not only when it is placed at risk unnecessarily and used unwisely, but also when it remains idle and unused. Political capital can be preserved and enhanced only if it is invested; i.e., if we assume with circumspection the warranted risk.

1014
CSO: 2500/264

NEW FORM OF BUSINESS OPERATION IN RETAIL TRADE

Budapest MAGYAR HIRLAP in Hungarian 27 May 82 p 7

[Article by Lenke Elek: "Independent Accounting on a Large Scale"]

> [Text] Hungarian domestic trade is on the move. Perhaps there were not as many changes during the past 30 years as we have seen during the past two years and will be able to monitor during the next 1.5 years. In agreement with the ministers concerned, the Ministry of Domestic Trade drafted an interministry program that also the government's Economic Committee has approved. Greater independence for enterprises and business is one of the preferential directions of development.

"The present methods of remuneration, notably the commission system, have not proved sufficiently motivating because they do not exert adequate pressure for effective operation and better utilization of capital; waste and unprofitable operation are common," states the ministry's package plan.

If Stores Are More Independent

Have the contracting and leasing systems failed? Not at all. They are just now unfolding in small businesses. By the second half of the plan period the cashier-free stores will be operating mostly in these forms. At present there are about 2100 such stores, and by the end of this year their number will have increased to 3000; that of restaurants and espressos, to 5000. According to optimistic expectations, the number of contracted units will be between 15,000 and 16,000 by December 1985. I regard these expectations optimistic because widespread contracting is being hampered by a lack of interest among entrepreneurs, the relatively short term of the contracts, the high fixed charge, and in some places also by resistance on the part of the headquarters of enterprises. It is also questionable whether about 10,000 more persons can be found who are willing to plunge into a contract under these conditions. Those who are imbued with such entrepreneurial spirit have already hastened to the negotiations.

Therefore the ministry has decided to introduce the cost-allowance system in those stores with not more than 15 employees where contracting or leasing is not feasible. "The cost allowance is a cash allowance to cover the direct costs incurred by outlets of the retail network and certain units of the economic organizations. It is paid to the units' managers and workers respectively, on the basis of a separate agreement, without accountability," states the official wording. Simultaneously a changeover to the profit or cost incentive is warranted in these stores.

Thus a new form of business organization is coming! The medium and larger (with not more than 100 workers) units of the retail network will operate in the form of independent accounting. As KERESKEDELMI SZEMLE (No 2, 1982) reports, if a store under independent accounting attains a higher turnover or cuts costs, the store manager retains the additional income after paying the progressive tax. Besides the store manager, also his coworkers may share in this additional income. A specified proportion of the proceeds is left at the disposal of the store manager (in accordance with the concluded agreement), and from this proportion the manager covers his direct costs. Under the system of independent accounting, store managers will be given wider authority in procurement, and with certain restrictions also in pricing (they will not be able to exceed the maximum markup). They will decide when to hold sales and cut prices, and whom to hire.

Foreseeable Advantages

So far a store under independent accounting is similar to one that has been contracted out. However, the stock of merchandise, the expendables, and of course also the fixed assets remain the property of the state (or cooperative), receipts are controlled by means of cash registers, and the stock of merchandise by inventory count. The managers of stores under independent accounting would be chosen by competition, for fixed periods. The manager of the enterprise or head of the cooperative will decide which stores are to be placed under independent accounting, but store managers and store workers may propose a changeover.

According to the ministry, it will be expedient to expand complete independent accounting to the large units (generally with more than 100 workers) of retail trade and the catering industry (department stores, hotels, and production plants). This is again something new.

Everyone will benefit from the foreseeable advantages. Real competition will be able to develop among the stores, restaurants and hotels. Store managers will show more initiative if their every step is not regulated. Of course, it would be a mistake to generalize also in this case. In our country, unfortunately, not every store manager is a real merchant. Occasionally their attitude is somewhat conservative. And even the bolder ones must become accustomed to the new, for this is not what they learned in school, saw and experienced in their everyday work. We wonder how they will use their greater independence.

Their success will depend also on the supply of merchandise by industry. So long as a good many items are on allocation, store managers will be forced to fight for merchandise and "to be on good terms" with their suppliers, which could make under-the-table payments more widespread. The "cash and carry" practice of the self-service warehouses of domestic trade could provide a solution for the smaller stores, but only if these warehouses remain open after the stores roll down their shutters, and the managers can go to replenish their stock of merchandise.

The question is how much incentive the enterprises' buyers, together with those of the ABC department stores, will have to buy salable merchandise at a suitable price.

For if they do not act in this manner, the manager of a store under independent accounting will turn elsewhere. But where? In principle, he has several options. He can turn to industry, to the headquarters of a competing enterprise (as yet this still sounds utopistic), to some wholesaler, and in individual instances to a private producer. It is to be feared that in reality the choice will be very narrow in the case of many items.

After a Longer Period of Time

It is likewise uncertain, for example, whether the independent store managers will avail themselves of containerized and unitized delivery at night. It will now become evident whether such delivery is truly in the storekeepers' interest or did they accept up to now this modern mode of transportation merely because it was an obligatory central program. If storekeepers are not given the opportunity to use this mode of transportation (and there already are examples of this), then very many trucks and containers will remain empty.

Thus the real questions are raised by life. Another question that will probably be raised is how can the units of the retail network assert their independence without jeopardizing the business policy of the enterprises and cooperatives. Harmonization may not be easy in some instances. Assuming of course that the given firm has a specific business policy of its own, because very often business policy, unfortunately, consists merely of automatic repetition of central directives.

The trend toward independence alters also the methods of management. The ministry's management will probably continue its proven practice of recent years to directly interfere less and less in the life of the enterprises.

All this is merely one aspect, although an important one, of the further development of our domestic trade. The head of the ministry wrote the following in the cited issue of KERESKEDELMI SZEMLE: "There is a significant lag, within the entire economy and also in domestic trade, in developing the enterprises' internal system of management, the indepedence and incentives of the individual units." The task is to eliminate this lag. Of course, the work of years cannot be made up within a few months. The new forms of operation will not spread overnight. A long period of time will be necessary for them to pass the test of practice.

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CSO: 2500/266

PASSENGER TRANSPORTATION FACILITIES DISCUSSED

Budapest NEPSZABADSAG in Hungarian 15 May 82 p 5

[Interview with Lajos Urban, State Secretary of the Ministry of Transportation and Postal Affairs, by Gyula Fejer: "On Passenger Transportation"]

> [Text] Everyone travels. It is a well-known fact that our public transportation system carries over 10 million passengers daily. Foreigners wonder: "How do they do it?" they ask. Yet the home opinion is more critical of the Budapest Transportation Company, the Hungarian State Railways, the state taxi service and other smaller passenger transportation businesses. It is justified; how often do we see buses and trolleys not coming for a quarter hour, trolleys broken, local taxi runs crowded, the train late and dirty too. All these are causes for complaint and anger. However, we Hungarians do not have to live out the foreign saying: "He that must hurry should travel on foot." And as long as we do not have to live it out, our mass transportation truly belongs among Europe's finest. Are the criticisms justified then? We discussed these questions with Lajos Urban, state secretary of the Ministry of Transportation and Postal Affairs.

[Question] Among the different sources of income for the railways, passenger transportation lags far behind freight transportation. Is this fact the basis for the complaint that "passenger rail transportation is just a millstone around our necks"?

[Answer] If such a complaint existed, it now belongs to the past, and even then, only to those few who do not understand what transportation service means. The primacy of mass transit, which we set forth several years ago as a goal, is not merely a fine-sounding but empty phrase. The primacy of mass transit is a socialist, and therefore a Hungarian, specialty. It expresses our transportation system, the evolved system of state financial and practical responsibility. Our public transportation, which boasts a network denser and more organized than the European average, carries more people yearly than the entire population of the earth. However, transportation officials often hear the accusation that they live under the spell of numbers. In other words, the more passengers, the more bragging. This is not the case; we are not bragging when we state the facts, that is, that the standard of our public transportation corresponds to the Hungarian socio-economic situation, and in comparison to the standards of other services is no lower, and in some cases is higher.

Of course, the question was not addressed to generalities, but to the railways. In this regard, let me say that today the Hungarian State Railway is no longer operating at a loss on passenger transportation. Even if its profit from this source is not as great as from freight transport, the railway still makes a profit, aided by state subsidization. For the passenger, the fare continues to be low, while the state treasury turns over 16 million forints for subsidization. Passenger transport is a "millstone" in the sense that while it represents a profit with subsidies, the profit is inadequate for expansion. Let us return here to the problem of quantity and quality. If we wish to improve the quality, which we do, we run into a large expense. Speed and comfort are costly. Income decreases when crowding decreases. Yet we still believe in doing everything possible for the improvement of quality, since although freight transport increases receipts, passenger transport serves man directly.

[Question] Still, every day one can observe that the cars and stations are dirty, the passenger cannot find paper towels, soap, or toilet tissue, the water tanks are not filled, lighting if often poor, and last winter many trains ran unheated. Can this not be changed?

[Answer] Yet, it can. In this question, the directorship of the ministry can no longer be patient. However, we can also blame ourselves that in the past few years no advances have occurred in the refinement of the railroads. Are the trains dirty? Yes. Are the stations dirty? Yes. Do the passengers litter? Yes. We must create an environment which itself has a training effect. Do passengers litter on the premises of the subway? No, because the passengers have accepted the striking cleanliness of the surroundings, they accept it as natural, and guard it themselves. We have instituted a so-called minimal program: in 1 or 2 years, every possibility for improving the railway environment which does not require investment must be instituted. Local directors can do much to decorate stations with flowers, so that cleanliness should not be lacking on the railway cars. This is primarily the Hungarian State Railways' concern, but the work can be performed by a rail worker in his secondary occupation or a production cooperative--only one thing is important, that the result be cleanliness. It is true that even the railroad specialists think the station buildings are in bad condition, yet today, we can hardly think of rebuilding them. Tomorrow's solution is upkeep, which will have to be performed with more speed and organization than at present.

[Question] To win over the majority of passengers, speed and puctuality are important. How often are the trains late?

[Answer] According to the railways, rarely; according to the passengers, often. Who is right? The railway people should forget that only 3 or 4 percent of the 2,500 trains running daily are late. This is embroidering the truth. Recently, we supervised 180 workers' trains, which ran into Budapest in the morning or left the capital after working hours. Of the 180, more than 150 ran late. It must be known that the entrances to Budapest are the narrowest passages on the railroad. If one train is late in the morning rush, when trains filled with workers arrive every 5 minutes, then all other trains will be late because of that one.

Nevertheless, it would be unfair of me not to mention that the trains are rarely late due to human error, inadequate passenger and machine traffic direction, or organizational shortcomings. The vast majority of latenesses are due to "slow" signals or tracks closed under construction. Here, freight and passenger transportation are not separated, and there are no special tracks for suburban traffic. International express trains arrive at the Hungarian border very late. It is not infrequent for one to arrive 2 hours late and overturn our domestic timetable. Let it be said for the good of the Hungarian railway workers that late international trains do not increase their lateness in our country.

Last year, in the first 3 months 37.3 percent of international trains deviated from the timetable, and their average lateness was 50 minutes. This year's statistics are more favorable: fewer trains were late, and then only by 40 minutes on the average. Domestic expresses ran 40 minutes late, rapid trains 25. For the past 8 or 10 years, 2 percent fewer passengers have been riding the train annually. It would be good if these passengers would return, since this would result in better use of equipment and more conservation of energy. Yet for them to return, service must be improved.

[Question] How many more train lines will be closed? Did the ministry of transportation ever take into account the social and economic impact of these closings? Did they consider the depopulation of towns, the slackening of markets, work force migration and housing, schooling and service worries elsewhere? This question is partially justified by the fact that a concept which serves the development of smaller areas is being shaped.

[Answer] Allow me to discuss the question. I do not believe in the far-reaching consequences you mentioned. Workers do not move with their families to find new work because of the trains. But because they move, the trains become less profitable. These lines can hardly be called railways anymore, because the crowd and the tight organization are missing. They make one or two trips daily, with barely a few passengers and they move very slowly. To go faster would be dangerous because the track is bad. However, reconditioning the track would cost as much as the construction of six roads. Whom would it benefit? Thus it would be reasonable to close all lines which are unprofitable. According to calculations, this means approximately 300-400 kilometers of track.

[Question] Thus lines are being closed. And what is being developed?

[Answer] In this plan period, 1,500 kilometers of track will be rebuilt, and 280 electrified. It is indeed worthwhile to work diligently on the latter, since according to calculations the investment in electrification will give a rapid return. By 1985, electric locomotives will pull trains over 1,775 kilometers of our railway network. By then, steam locomotives will be phased out, and we will purchase 111 new electric and 40 diesel locomotives, passenger, sleeper and restaurant cars. The modernization of Kelenfold will be accomplished with an expenditure of nearly 1.3 million forints, and by 1983 its new track network will be completed. Kobanya-Kispest station will be renovated, and the renovation of Nyugati and many other stations will continue, all with a total cost of over 1.5 million forints. Track and station modernizations will make it possible for trains to travel at 100-120 kilometers per hour on 40 percent of our country's track by the middle of the decade.

[Question] Within a foreseeable period of time, will railroad conditions in the Budapest metropolitan area improve?

[Answer] In Hungary, 1 million people travel daily, 350,000 of them in the capital area. Their transportation is an overwhelming task, and it does not proceed without difficulties. In this regard, only further development of division of the task among the various branches of transportation will bring results. The railway, the Budapest mass transportation system, and the connections between the two are developing (here I mean the metro network). The north-south subway has already allayed the fears of some commuters.

[Question] Continuing on the subject of commuters: it is an unfavorable situation that blue buses run to many townships near the capital, but not to all of them. The commuters from the former townships travel more cheaply than those of the latter, who must take taxi lines. Outside of the capital, similar complaints have been remedied. When will these complaints be heard?

[Answer] It is indeed true that similar complaints have been remedied, and these have not. We will examine the possibilities, but a final solution can only be brought about through fare changes.

[Question] Can we expect a fare increase?

[Answer] Yes, because with a normal economy and changing price conditions, we must regard an increase as natural. We cannot ignore the sociopolitical aspects, nor can we be free of the processes of economic life. Rail fares have not changed since 1952; their price can hardly be maintained. Everyone also admits that the fares on other forms of public transportation are also very low.

[Question] According to studies, the 2 million inhabitants of Budapest travel 4 million hours daily, all within Budapest city limits. Is it possible to reduce travel time and crowding in our capital city?

[Answer] In Budapest, travel speed is still much higher than in other European capitals. The trolleys travel at 14 kilometers per hour, the buses at 20. The Budapest transit traffic control system is of a high quality. Developments have been instituted that ensure that traffic lights will be computer controlled. Today, too many lights are not timed with the next one, thus slowing traffic.

It is well known that with the introduction of a 5-day workweek, staggered workshifts have once again reached the forefront. Last year, the Economic Committee issued a decree that the capital and county seats can decide which businesses will be required to institute staggered work hours. Later, the beginning hour of work changed at 1,200 employers in the capital, affecting 200,000 persons. The effect of the legislation is visible; Budapest travel conditions improved suddenly. Outside the capital, the cooperation of transportation enterprises, county councils and county commerce commissions has brought results. The state taxi service accepted 80 percent of the enterprise recommendations, was unable to agree on 1 percent and reached a mutual compromise on the remaining 19 percent of the suggestions. Thus transportation itself aided in the institution of staggered shifts, as reflected in the compilation of the timetable.

[Question] Is the trolley program also being continued outside the capital?

[Answer] In Szeged, the trolley has been instituted; in Debrecen, it is being prepared. In Pecs, we had planned to begin construction later, although that city should have received attention first due to geographical and conservationary concerns. It is important that such concerns should be considered according to their importance at the time the decision is made.

[Question] Is the safety of railway-street intersections, the bus drivers' qualifying exam, their continuing education and last but not least the extremely expensive technology adequate?

[Answer] The opinion that today's technology is safe is universal, assuming, of course, the appropriate behavior and responsibility on the part of the passengers. This is strongly lacking on the public streets. After the tragic accident in Mohora we again received many ideas, improvements and modernizations which dealt with the safety of pedestrians crossing the street. We try all suggestions which contain the least bit of practicality. The interministry committee has examined and is examining mechanisms for auditory traffic signals. The reception is mixed, because their value is debatable. Some cannot be implemented in residential areas, but will be of definite use in outlying areas. Concerning the bus drivers, let me say that they do their work conscientiously, with preparation and responsibility, and are adequately trained.

[Question] Since the middle of the 1970's, our supply of buses has mostly belonged to businesses, cooperatives and institutions. Today, the maintenance of their buses is no longer paid for by transportation savings; yet they keep the buses, fearing that the state taxi services will not be capable of meeting their individual, local and special transportation needs. Are you succeeding in convincing them to turn their buses over to the service?

[Answer] We must start with the fact that although, according to the bus park number, most are in the hands of enterprises, only 3,000 of them are large buses, and the rest are small. However, it is true that these 3,000, because of their inadequate utilization, do deserve attention. But we do not wish to take over the business buses. Our purpose is to use them for public transportation services within a given period of time, place by place. Excellent first steps have been taken, and we can expect effective legislation that will destine the owners of the buses for their economically advantageous use.

[Question] Five days of work, 2 days' rest. What new issues has this change brought into transportation?

[Answer] The Hungarian State Railway, the state taxi service and the Budapest Transportation Company all seek to fill the changed needs of their passengers. The Budapest Transportation Company has instituted vacation runs on weekends to Nagykovacsi, Solymar, Diosd, Torokbalint. The timetables for trains and buses have changed completely; new lines have been added to resorts and exursion spots. Weekend runs designed for tourist purposes which depart the county seats now avoid Budapest. These efforts verify that mass transit has recognized its role and importance for people's leisure time.

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CSO: 2500/258

HUNGARY

OFFICIAL QUIZZED ON RENTABILITY OF GRAIN PRODUCTION

Budapest MAGYAR HIRLAP in Hungarian 15 May 82 p 5

[Interview with Gabor Magyar, deputy minister of agriculture, by Ivan Gador: "The Reserves of Grain Production"]

> [Text] Gabor Magyar was born in Hajduszoboszlo in 1928. He graduated from the Godollo University of Agricultural Sciences, and from 1951 worked as agronomist in the Irrigation and Rice Production Research Institute in Szarvas. From 1958 he was irrigation agronomist at the headquarters of the Hortobagy State Farms, then from 1962 he was department manager at the Voros Csillag [Red Star] TSZ [producer cooperative] in Nadudvar. In 1964 he went to the Debrecen University of Agricultural Sciences as researcher-lecturer. He became the manager of the Corn and Industrial Crop Production System when it was formed in 1973, where he was awarded the State Prize in 1980. On 1 January 1982 he was appointed deputy minister of agriculture and food industry. [end of bio]

In the old days wheat was also called life, and religious respect surrounded it. About 10-15 quintals of it were produced on one hectare, and this was even enough for some export. Today, wheat is simply called wheat, and it is just one of the grain crops. Its average yield approaches 50 quintals per hectare, and in the world trade the various grains rose so successfully from the ranks of other merchandise that they became items to be stockpiled, and became strategic items. Grain importers are at the mercy of others to some extent because grain continues to be life itself, or at least one of its preconditions. The often mentioned demographic explosion has created a demand for it the likes of which have never been seen before.

According to internationally accepted standards one ton of grain per year is necessary to feed one person well. At the present time we are producing almost 13 million tons for our population of 10 million. The national economic plan projects further expansion of its production. Our reporter Ivan Gador talked with deputy minister Gabor Magyar about our grain production.

[Question] If I am correctly informed, each year we use just barely over 2 million tons of grain directly for human consumption. Yet, for years our export has been only about one million tons. The other nine or ten million tons are fattening our sizeable livestock population. It is an old debate whether we should be exporting grain directly, or the meat produced by it.

[Answer] Those who argue that we should not develop livestock production which requires work and expense, but instead we should export grain directly in as large quantities as possible, refer to this fact: the income of $1 can be achieved from grain with much smaller expense than if we sell meat abroad. This is in fact so. But let us not forget that the plowfield acreage suitable for grain production has its limits, and it is far from immaterial how large an income we can produce per hectare of this. If we sell the corn itself, then using last year's average yield of 5.5 tons per hectare we can produce a value of $700 to $800 per hectare. But the dollar income can be a good two to two-and-a-half times this much when this amount of corn is sold as meat.

[Question] However, in this case the expenses are really much higher...

[Answer] That is true, but I wish we had more export items as profitable as this. In spite of all rumors to the contrary, livestock raising is a very good business.

[Question] Even for the agricultural operations?

[Answer] Absolutely, for those who are doing it right. There is more operational profit in fattening hogs or poultry than in grain production.

[Question] Considering that nowadays even hog or chicken fattening is not too profitable in most large operations, the situation of the grain producers must be quite unfavorable.

[Answer] The cost of wheat production increased by 80 percent between 1975 and 1980. The cost of corn production by 60 percent. It is true that today much larger crops are harvested per hectare than 5 or 6 years ago, but costs have risen faster than yields. Because of this, the income that can be earned by producing wheat has stalled at 4,000 forints per hectare. But income produced by corn has decreased during the last 5 years from an average of 5,000 forints per hectare to barely 2,000 to 2,500 forints. And this is really not enough. But in spite of all this we still cannot speak of a lack of interest, because grain production brings in a stable and a steady income in large amounts, and last but not least it is collected in the year of production.

[Question] Of course this is true for those who produce wheat and corn primarily for sale.

[Answer] Our goal is, for example, to produce corn primarily where the soil's natural properties are most suitable for it. And this geographic rearrangement is gradually being implemented. This is how it has to be because under today's cost and price conditions corn is a crop produced at a loss on poor soils. But on good soil it still produces a significantly larger income than spiked crops. We cannot expect, of course, that a corn belt similar to Iowa in the USA would develop in this country. But it is an absolutely achievable goal that primarily corn will be grown on the loess in southern Bekes [megye] or in the Hajdusag [Hajdu megye]. In contrast with this the spiked crops produce good results even on poorer soils. In this time period the regional rearrangement of crop production must be implemented, because without this the mobilization of all the genetic, technological, and manpower reserves will not be enough to achieve the planned 15.4 million ton grain production by the end of the plan period.

[Question] This is 3 million tons more than the 1980 production volume. Such an increase can hardly be achieved with the same size, or especially with decreasing growing acreage. It is a well known fact that in the last plan period the country's plowland acreage decreased by a good 200,000 hectares.

[Answer] In the future we will not be able to endure such a large loss. If for no other reason, then because in recent years, for example, the sunflower growing acreage had to be doubled, and we will have to continue producing sugar beet, potatoes, vegetables, and many other things.

[Question] It seems that nowadays the sunflower is agriculture's most profitable crop. Is this not being overdone? If things continue like this, this otherwise excellent industrial crop will slowly force grains from the plowfields.

[Answer] That statement is an exaggeration. First of all, sunflower and all the products made from it are excellent export items. But even so the farms may produce only as much sunflower as the industry's processing capacity [can handle]. They may not contract for more.

[Question] But in spite of this, sunflower occupies a good 300,000 hectares each year, and the plowfield acreage continues to decrease, even if not at the earlier rate. What are the remaining possibilities this way to maintain the present production acreage of grains, or to increase it slightly as desirable?

[Answer] Only that we will decrease the planting acreage of fibrous fodders. And we must do so even if livestock raising requires increasing quantities of fibrous fodders. But in spite of this, acreage is the only remaining reserve, because the production standards are lowest here, that is, this is where the improvement opportunities are greatest. Just as with the other crops, improvement of the yields is possible for the fibrous fodders also, so that significantly larger product quantities than before would grow on smaller acreage.

[Question] This was unquestionably successful with the grains. In the time period of the Fourth Five-Year Plan an average of 3.15 million hectares produced 11.2 million tons of grain [yearly]. During the Fifth Five-Year Plan we produced grain on only 2.9 million hectares, yet we harvested a yearly average of 12.4 million tons. The big question is whether this rate of increasing intensity can be further increased?

[Answer] We are far from having reached the upper limit of our potentials. The wheat types now in general production have genetic producing capabilities around 7 tons. Yet, over the average of the last plan period we produced only slightly over 4 tons per hectare. Our present corn hybrides are capable of 11-12 tons per hectare, and the last plan period's average remained under 5 tons for this crop. Even the record holder farms have room for improvement. Not to mention the others! Regional reorganization may help much, and in the future even better types than those of yesterday and today will be introduced into general production. Of course, this by itself is not enough.

[Question] The higher production levels will obviously require more modern machinery with higher performance, and more of them. But the domestic machine industry continues not to offer always what is needed. And if we import everything...

[Answer] Machinery is indeed needed. But slowly the domestic sources are also beginning to produce them. The Raba, and to a lesser extent the enterprises of MEZOGEPTROSZT [Agricultural Machinery Supply Trust] are showing good sensitivity in recognizing what agriculture needs. They signed a series of successful cooperative contracts with the best western agricultural machine manufacturers. What they are producing within the framework of these cooperations is really good and modern. But, together with this, continued large-scale and rapid development is unavoidable. Within the framework of the intensive grain production programs of the Babolna and Nadudvar crop growing systems, for the time being we can make full-scale use of this above-mentioned modern equipment only on 100,000 hectares. The job of the domestic industry is such a quantity of these within a limited time that will make modern soil work possible without any special imports, on much larger acreage than 100,000 hectares. This is a question of survival, because that is the only way the annual 15.4 million ton grain production projected in the national economic plan can become reality.

[Question] And let's add this: all the financial factors listed here are worthless if the high level professional work which creates harmony between the factors, is missing. You have recently emphasized a number of forums: grain production must not become a humdrum matter.

[Answer] What is involved here is not that the agricultural operations cannot produce wheat and corn sufficiently well. They have learned to do this. Most of the professionals have excellent training. After the successes of the recent years many people are now at the same point as the driver of a car who has had a license for two or three years, and so far had no accidents. They understand and have a feel for the traffic, and have some experience. And, why deny it: they are a bit overconfident. They hardly pay attention to the details, since this is running by itself! But it does not. Because the slightest inattention can be sufficient...Really, grain production must not become a routine matter. The conditions are different each year and on each farm, indeed on each field. At the time our successes of today began, when the grain production systems started up, the experts practically without exception stood at the edge of the fields at the start of each job. They must not get out of this habit. On the contrary. Nowadays perhaps even that would not hurt if from time to time they walked in to the center of the field.

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CSO: 2500/252

STATUS, PLANS OF NONFERROUS METAL INDUSTRIES

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 17-19 Apr 82 p 5

[Article by Dusan Ivanovic]

[Text] Several factors must be taken into consideration when trends in nonferrous metallurgy are to be analyzed--from investment in geological research, the mining of ore, and the production of all metals to processing and export-import balances. For years, there have also been certain difficulties that were never taken seriously into account. Above all, substantial disproportions continue to exist in relation to established reserves of ore, the mining and production of metals, and constant growth in processing facilities. We should not underestimate the additional fact that ore deposits are located in certain regions, while processing facilities are scattered throughout almost all the republics and autonomous provinces. Accordingly, there is a certain hesitation to invest substantial resources in prospecting operations. Later, however, when actual deposits of metal are discovered, there is interest in consolidating resources for mining. In a word, no one is willing to take the risk of looking for ore.

We are obviously unprepared to make use of ore with a lower metal concentration because of the outdated technology used in the Yugoslav metal processing industry. It can happen that 50 percent of other metals, from tungsten to cadmium, as experts on nonferrous metallurgy say, will stay "in the mud," simply not being used although at arm's length, after all the effort invested in prospecting and mining of the ore.

Another problem is the diversity of equipment used. Practically every mine has different equipment, which is difficult to reduce to a common denominator, and hardly ever domestically produced equipment. Although there have been attempts to have all this manufactured by our own plants, these are only the initial efforts, and suitable results are to be expected only in the future.

We are constantly operating with prospected reserves between 15 to 20 years, and it is clearly difficult to set aside funds for prospecting for new ore deposits for the simple reason that this requires a large sum which can be as high as 20 percent of the total invested in opening new mines. It is far easier where ore is already being mined, where the appropriate infrastructure is already built, from roads to housing complexes.

What Is Expected

We began 1982 with a great deal of optimism, as we did also the current medium-range plan, since--above all--we believed that we would overcome certain shortcomings noted in the previous two 5-year plans--when we lagged perceptibly behind the forecasts. Our expectations turned out to be unfounded, as the balance sheets for this year caution us: things are going to be rough, not only now but all the way to the end of 1985.

To recall: we are supposed to produce approximately 3,696,000 tons of bauxite in 1982, or as much as half a million tons above projected needs. Yet simple comparisons of figures can sometimes be misleading. Apart from the fact that the "Aluminij" firm of Kidricevo is to import approximately 180,000 tons, we have to assume that more than 100,000 tons of so-called special bauxite or bauxite with a markedly higher silicon content will be imported. These are facts that cannot be ignored.

The next link in the chain leading to the production of aluminum and related products is alumina, 1,143,000 tons of which are to be produced this year under planned projections. This figure omits the facility at Obrovac; because of its well-known difficulties, and because it is undergoing reorganization proceedings, production and the volume of output are extremely uncertain. In any case, this facility is known to have operated with substantial losses, threatening even the lower range of profitability.

At first glance, domestic consumption of alumina in relation to production would not seem high--approximately 600,000 tons. Everything would be just fine if we had not committed ourselves to extremely high export levels as a consequence of the installation of foreign equipment. However, we have to export at least 700,000 tons to be able to meet arrangements signed--probably not very luckily--with foreign commercial partners.

After all this, it is no surprise that aluminum production is planned at approximately 290,000 tons, and that would be a great success, considering the circumstances. To satisfy domestic demand, we need at least around 200,000 tons, and everything would be fine if here too, we were not committed to high levels of export. More precisely, we must export at least 134,150 tons. To strike at least a partial balance between production and domestic and export demands, we must import approximately 40,000 tons.

However many problems we have had in recent years in the production of suitable quantities of lead, in 1982 we should be able to produce more than 180,000 tons of this metal. Ordinarily the greatest consumption is by the steadily growing domestic market, close to 135,000 tons, but in this case as well we must take into account commitments toward foreign partners. In fact, we must export over 24,000 tons. To balance all these items (domestic demand, export, etc.), we must import at least 40,000 tons.

Domestic zinc production is planned to be 98,150 tons this year, but this is no certainty. The planned volume of production would meet the needs of the domestic market, estimated at slightly over 90,000 tons, if we did not have high export commitments. As things stand, exports are planned to exceed 32,000 tons, automatically requiring imports on no small scale. To be specific, we need to import slightly more than 30,000 tons of zinc to strike a better balance between production and consumption.

Shortfall

Balancing production and consumption is more complicated in the case of copper than anywhere else in the field of nonferrous metallurgy, especially because the concentration of metal in domestic ore has been rapidly declining in recent years. Just a couple of years ago, 15 million tons of ore yielded at least 100,000 tons of copper. Under current ore mining conditions, the proportion of tailings has increased by more than 25 percent. Last year, not even 20,000 [evidently 20 million] tons of ore were sufficient to provide as much as 90,000 tons of copper.

This year's plan calls for the production of 135,900 tons of copper, but with the reservation that for years we have been planning quantities which in the final reckoning turn out to be unrealistic. Even assuming that this plan can be fulfilled, this is far short of the demands of domestic processors. In other words, domestic consumption is planned at over 170,000 tons, and only imports of copper concentrate can alleviate this shortfall, which is not so small.

Here again, as in the case of other nonferrous metals, the key question is providing monetary resources on a sufficiently large scale for investment in prospecting for new localities; for the installation of new equipment in existing mines, the majority of which operate as they did decades ago, relying exclusively on extra efforts by miners, which is no longer the case in any well-known world-renowned deposits, where cheaper ore is produced through more economical and more profitable operations; for the erection of infrastructure facilities, etc. Investing in expansion and modernization where mines already exist is considerably simpler, but that also requires substantial funds. The Bor RTB (mining and smelting works) alone, for example, needs at least a billion dinars through 1985.

It is little consolation to know that the geological reserves of copper ore in Yugoslavia constitute 15 percent of European reserves, not counting the Soviet Union (European part). The Veliki Krivelj mine alone requires an investment of 1 to 6 billion dinars.

At the same time, despite the difficulty of satisfying the domestic market, there are high export hopes, since sales of copper products on the foreign market are supposed to grow at the very high rate of 22 percent. If we were to succeed in this, processors would achieve a monthly inflow of foreign currency amounting to approximately $36 million. This certainly cannot be accomplished easily without affecting supplies for our own working organizations. In any case, the beginning of this year has only confirmed justified doubts.

Corrections?

At the beginning of the current medium-range plan period, having learned from experience that we lagged behind substantially in the past two 5-year plan periods, planners projected an optimistic variant for development through 1985, based on data from working organizations in nonferrous metallurgy. Not much time needed to pass before the necessity for corrections became obvious.

Originally, the feasible production levels in 1985 were thought to be nearly 5 million tons of bauxite, more than 33 million tons of copper ore, nearly 6.5 million tons of lead and zinc, and 320,000 tons of antimony ore. Possible metal production levels in the final year of the medium-term plan period were reckoned on the basis of these estimates of raw materials. Accordingly, we were expected to be in a position to produce 440,000 tons of aluminum in 1985, 210,000 tons of copper, 200,000 tons of lead, 180,000 tons of zinc, and 128,000 tons of anode units.

Even at that time, however, it was quite doubtful whether estimates of the production of bauxite and lead-zinc ore were realistic. Processors' representatives in particular pointed out the absurdity of estimating a high increase in the production of aluminum in view of all the problems associated with this area. The arrangements made for purchasing technology from foreign partners are especially unfavorable.

There have also been remarks on the methodology itself on the grounds that a 5-year planning period is not suitable for this area. The training of new miners is known to take from 7 to 10 years, and large metallurgical facilities require more than 5 years to build under our conditions.

The central question in developmental planning is "rounding out the financial structure" for long-term investment, inasmuch as little can be accomplished without large sums. In the normal course of events, an estimate has been made of the cost of intensive development in nonferrous metallurgy in 1980 prices. However unreliable these figures may be as indicators, in view of the fact that prices for all materials and services are recording very high growth, they constitute some kind of a basis for overall conclusions.

Copper production alone requires investment in excess of 13 billion dinars, mostly to maintain and increase the current level of ore production (over 10 billion dinars).

Rather large sums are planned for investment in lead and zinc production--approximately 10 billion dinars, with a 50:50 ratio of investment in mines and metallurgical facilities.

The total investment for the development of the bauxite-alumina-aluminum complex is around 11 billion dinars, including 7 billion for aluminum production.

Clearly, however, the 34 billion dinars planned for the development of all aspects of nonferrous metallurgy--from the mining of ore to the production of metals--will not be sufficient to cover all investment needs. This could not have been expected, in any case. The planners were counting on closer cooperation among groupings within the field of metallurgy and with consumers of the products of nonferrous metallurgy. If this were not to happen, there is little likelihood that this field will overcome the difficulties with which it has been faced for years.

In this case, too, we cannot ignore the fact that nonferrous metallurgy is operating under the pressure of capital borrowed from domestic and foreign sources at very high interest rates. Loans make up 65 percent, or two-thirds, of investment. Obviously, many organizations have not invested enough in the development of raw materials, precisely because of high interest rates. Last year, interest alone consumed 16.7 percent of earnings. This is far above the level for industry as a whole, which spent 9.7 percent, and for the Yugoslav economy, which spent 7.7 percent. Here, also the primary segment is in a worse position, since the share of interest in realized earnings is 20 percent.

The Armor of Price Increases

This year, which is more difficult than ever, prices of products can be raised but may not be used for developmental purposes. This fact is sure to hinder operations, but is a stabilization measure which applies to all and must be respected. We must seek a way out elsewhere, especially in increased productivity.

As we know, price increases of up to 20 percent are allowed for nonferrous metal ores, in accordance with efforts to promote a sector which is in the most critical position to start with. This is no longer a question of miners being underpaid but the fact that young people are difficult to persuade to do such difficult work.

In addition, each of the metals is listed separately, and aluminum will be allowed the smallest price increase--up to 13 percent. This is 5 percentage points away from the average for nonferrous metals. At the same time, the price increase for copper is also planned at less than the average--up to 15 percent.

In view of the difficult situation in the case of lead and zinc, a substantial price increase is planned for these two metals: zinc can go up in price 40 percent, lead 50 percent.

However, an individual survey of metal prices shows that, in fact, the 18-percent average has no specific meaning. For consumers of these metals, the decisive factor is the percentage of copper, aluminum, lead or zinc which they use in their products.

No Illusions

Metal processors are allowed to raise their prices an average of 12 percent. Here too, however, the average increase means little, since obviously some will have more and some less maneuvering room for price increases. For example, cables may go up as much as 10.5 percent in price, while fittings of nonferrous metals and similar metal products may go up 12 percent.

These price ratios show that slow progress is occurring toward redistribution, the goal of which is to strengthen ore mining and metallurgical facilities while restraining metal working, which for years has been "ahead" of the supply of raw materials.

There is little likelihood that price increases will solve the problems which have been piling up in nonferrous metallurgy, since last year prices were raised several percentage points in advance. This means that the planned average of 15 percent must be decreased by the same amount this year. At first glance, the mines and metallurgical facilities appear in better shape. However, in view of their past development, we are clearly dealing with an attempt to give them equal status with metal processors, which for many years have had more favorable operating conditions.

When we consider geological reserves on a European scale, aside from the copper mentioned above, with our 27 percent of the bauxite, 22 percent of the lead, and 9 percent of the zinc, we seem to be rich in nonferrous metals. The reality is different, however, and it would be harmful for us to be misled by the illusion of abundance. We ought to reconcile ourselves to the fact that the concentration of metal is declining in existing mines and that slightly poorer ores, rather than miracles, must be expected from geological reserves not yet prospected.

The day is coming, therefore, when we will be forced to mine poorer ore, requiring metallurgical facilities to adjust their procedures. How are we to buy new technology from foreign manufacturers, and how much is this justified from the standpoint of overall social commitments? The way out lies in an agreement with domestic manufacturers of machinery. It is high time for representatives of both areas to sit down together and work out a program of long-range cooperation, as was done, for example, by the Yugoslav Railways and equipment manufacturers.

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June 28, 1982